



JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
PO Box 629
RALEIGH, NORTH CAROLINA 27602

REPLY TO:
MATT LILES
CONSUMER PROTECTION DIVISION
MLILES@NCDOJ.GOV

July 12, 2018

The Honorable Diane Jones
Acting Assistant Secretary
Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Re: Closure of Dream Center's North Carolina Campuses

Dear Acting Assistant Secretary Jones:

We are writing to express concern about the impending closure of all North Carolina campuses owned by Dream Center Education Holdings, LLC ("Dream Center"). Given our experience of working with the U.S. Department of Education ("Department") on the Charlotte School of Law closure, we are hopeful that we can again work together to ensure Dream Center students are protected and well-informed.

On July 2, 2018, Dream Center notified students that it would be closing all three of its North Carolina campuses (Art Institute of Charlotte, Art Institute of Raleigh-Durham, and South University in High Point) by December 31, 2018. This news has upended the lives of the almost 3000 students enrolled in these campuses and left those students searching for a way forward.

We are concerned that information on closed school discharges ("CSD") for federal student loan borrowers pursuant to 34 C.F.R. § 685.214 has been noticeably absent from the discussion to date. We have requested information from Dream Center about what it has directly told students about CSD and are awaiting a response. We do note that there is currently not a Dream Center-specific fact sheet on Federal Student Aid's closed school webpage.¹

To ensure we have a full understanding of the situation and can inform students of their rights, we request that the Department confirm several points:

¹ <https://studentaid.ed.gov/sa/about/announcements/closed-school> (visited July 11, 2018)

1. Please confirm that students at the North Carolina Dream Center campuses will be eligible for CSD if they otherwise meet the qualifications outlined in 34 C.F.R. §685.214(c)(1)(i);
2. Please confirm the date from which CSD eligibility will be calculated; and
3. Please outline what steps the Department is taking (or that it is directing Dream Center to take) to inform students about their CSD rights.

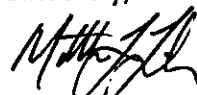
A principal concern we have is that because the schools' closures have been announced, but set for a future date, that students may inadvertently be disqualified from CSD, through no fault of their own. A recent news article² gives credence to this concern, as it mentions one student (identified as a Ms. Bell) who withdrew from school within a week of hearing of its impending closure. Ms. Bell's withdrawal – though precipitated by Dream Center's announced closure – could put her outside of the 120-day CSD eligibility period outlined by 34 C.F.R. §685.214(c)(1)(i)(B) if calculated from the December 31, 2018 date. We do not think Ms. Bell is alone, as many students are understandingly taking swift action to protect their future.

Similar to the closure of Charlotte School of Law, we are concerned that Dream Center may take actions that induce students to leave prior to the CSD period, with the result of diminishing Dream Center's liability for any discharges granted.

To avoid this situation, we ask that the Secretary consider exercising her discretion to extend the CSD eligibility period to include any student who was enrolled at a North Carolina Dream Center school at the beginning of the day on July 2, 2018, the day it announced its closure. See 34 C.F.R. §685.214(c)(1)(i)(B) (allowing the discharge period to be extended in "exceptional circumstances").

At this critical juncture, it is imperative that Dream Center students are fully informed about their options. These students are making important decisions about their futures in real time. Time is of the essence. Thank you for your attention to this important matter.

Sincerely,



Matt Lifes

Assistant Attorney General

cc: Josh Stein, Attorney General of North Carolina (*via e-mail*)
Swain Wood, General Counsel, North Carolina Department of Justice (*via e-mail*)
Daniel Harrison, Associate Vice President for Academic Planning and State
Authorization, University of North Carolina General Administration (*via e-mail*)

² Jane Stancill, 'We're just stuck and lost.' As Art Institute Faces Closure, Students Worry About Their Future, Raleigh News & Observer, Jul. 10, 2018, <https://www.newsobserver.com/news/local/article214578670.html>